



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
PERRY COUNTY
SHERIFF'S SETTLEMENT - 1999 TAXES AND
SHERIFF'S SETTLEMENT - 1999 UNMINED COAL TAXES**

May 31, 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

PERRY COUNTY JOHN LESLIE BURGETT, SHERIFF SHERIFF'S SETTLEMENT - 1999 TAXES AND UNMINED COAL TAXES

May 31, 2000

The Auditor of Public Accounts has completed the audit of the Perry County Sheriff's Tax Settlement for 1999 Taxes and 1999 Unmined Coal Taxes. The Sheriff maintained his records in an excellent manner that allowed us to efficiently complete the audit. The audit report contains no comments or recommendations and the Sheriff complied with laws and regulations applicable to his office.

Refunds Due Sheriff

The financial statement reflects the following refunds due the Sheriff:

County Taxes	\$ 226
Library District	110
Health District	43
Extension District	44
Common School District	644
Hazard School District	<u>107</u>
Total Due Sheriff	<u>\$1,174</u>

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 1999 TAXES	3
SHERIFF'S SETTLEMENT - 1999 UNMINED COAL TAXES	5
NOTES TO THE FINANCIAL STATEMENTS.....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Denny Ray Noble, Perry County Judge/Executive

Honorable John Leslie Burgett, Perry County Sheriff

Members of the Perry County Fiscal Court

Independent Auditor's Report

We have audited the Perry County Sheriff's Settlement - 1999 Taxes and the Sheriff's Settlement - 1999 Unmined Coal Taxes as of May 31, 2000. These tax settlements are the responsibility of the Perry County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Perry County Sheriff's taxes charged, credited, and paid as of May 31, 2000, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Denny Ray Noble, Perry County Judge/Executive

Honorable John Leslie Burgett, Perry County Sheriff

Members of the Perry County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 19, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

October 19, 2000

PERRY COUNTY
JOHN LESLIE BURGETT, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES

May 31, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 593,292	\$ 499,735	\$ 2,075,711	\$ 675,796
Tangible Personal Property	186,176	199,565	659,032	559,871
Intangible Personal Property				124,500
Oil, Gas, Undeveloped Property	43,835	36,922	158,479	49,904
Fire Protection	4,475			
Franchise Corporation	96,838	98,996	340,946	
Additional Billings	1,367	1,172	5,836	1,882
Increased Through Erroneous Assessments	386	376	1,390	543
Penalties	10,754	9,336	37,814	13,512
Adjusted to Sheriff's Receipt	(116)	1,100	(1)	(74)
 Gross Chargeable to Sheriff	 \$ 937,007	 \$ 847,202	 \$ 3,279,207	 \$ 1,425,934
 <u>Credits</u>				
Discounts	\$ 10,279	\$ 9,316	\$ 35,821	\$ 19,610
Exonerations	10,444	8,856	37,239	12,708
Delinquents:				
Real Estate	51,966	43,352	180,543	58,594
Tangible Personal Property	1,551	1,672	5,409	4,532
Intangible Personal Property				650
 Total Credits	 \$ 74,240	 \$ 63,196	 \$ 259,012	 \$ 96,094
 Net Tax Yield	 \$ 862,767	 \$ 784,006	 \$ 3,020,195	 \$ 1,329,840
Less: Commissions (a)	36,955	33,320	120,808	56,806
 Net Taxes Due	 \$ 825,812	 \$ 750,686	 \$ 2,899,387	 \$ 1,273,034
Taxes Paid	824,747	745,261	2,894,725	1,270,493
Refunds (Current and Prior Year)	1,291	5,622	5,413	2,541
 Refunds Due Sheriff		(b)	(c)	
as of Completion of Fieldwork	\$ (226)	\$ (197)	\$ (751)	\$ 0

(a), (b), and (c) See Page 4

PERRY COUNTY
 JOHN LESLIE BURGETT, SHERIFF
 SHERIFF'S SETTLEMENT - 1999 TAXES
 May 31, 2000
 (Continued)

(a) Commissions:

10% on	\$	10,000
4.25% on	\$	2,966,613
4% on	\$	3,020,195

(b) Special Taxing Districts:

Library District	\$	(110)
Health District		(43)
Extension District		<u>(44)</u>

Refunds Due Sheriff	\$	<u>(197)</u>
---------------------	----	--------------

(c) School Taxing Districts:

Common District	\$	(644)
Hazard District		<u>(107)</u>

Refunds Due Sheriff	\$	<u>(751)</u>
---------------------	----	--------------

The accompanying notes are an integral part of the financial statements.

PERRY COUNTY
JOHN LESLIE BURGETT, SHERIFF
SHERIFF'S SETTLEMENT - 1999 UNMINED COAL TAXES

May 31, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for Unmined Coal	\$ 114,136	\$ 96,138	\$ 412,648	\$ 129,940
Omitted Taxes	2,069	1,326	7,330	3,184
Additional Bills	22,552	17,839	81,675	27,443
Penalties	56	47	202	63
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Chargeable to Sheriff	\$ 138,813	\$ 115,350	\$ 501,855	\$ 160,630
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Credits</u>				
Discounts	\$ 2,218	\$ 1,868	\$ 8,019	\$ 2,525
Delinquents	3,044	2,147	10,857	4,294
	<hr/>	<hr/>	<hr/>	<hr/>
Total Credits	\$ 5,262	\$ 4,015	\$ 18,876	\$ 6,819
	<hr/>	<hr/>	<hr/>	<hr/>
Net Tax Yield	\$ 133,551	\$ 111,335	\$ 482,979	\$ 153,811
Less: Commissions *	5,676	4,732	19,319	6,537
	<hr/>	<hr/>	<hr/>	<hr/>
Net Taxes Due	\$ 127,875	\$ 106,603	\$ 463,660	\$ 147,274
Taxes Paid	127,875	106,603	463,660	147,274
	<hr/>	<hr/>	<hr/>	<hr/>
Due Districts as of Completion of Fieldwork	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Commissions:

4.25% on \$ 398,697

4% on \$ 482,979

The accompanying notes are an integral part of the financial statements.

PERRY COUNTY
NOTES TO THE FINANCIAL STATEMENTS

May 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of May 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bonds which named the Sheriff as beneficiary/obligee on the bonds.

PERRY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2000
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 26, 1999 through May 31, 2000.

Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1999. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was December 21, 1999 through May 31, 2000.

Note 4. Interest Income

The Perry County Sheriff's office earned \$10,155 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school districts as required by statute, and the remainder was used to operate the Sheriff's office.

Note 5. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

The Sheriff should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After seven years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 1999 taxes, the Sheriff had \$2,310 in unrefundable duplicate payments and unexplained receipts. Therefore, the Sheriff should send a written report to the Treasury Department.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Denny Ray Noble, Perry County Judge/Executive
Honorable John Leslie Burgett, Perry County Sheriff
Members of the Perry County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Perry County Sheriff's Settlement - 1999 Taxes and Sheriff's Settlement - 1999 Unmined Coal Taxes as of May 31, 2000, and have issued our report thereon dated October 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Perry County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Denny Ray Noble, Perry County Judge/Executive
Honorable John Leslie Burgett, Perry County Sheriff
Members of the Perry County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 19, 2000

